

PREVAILED

Roll Call No. \_\_\_\_\_

FAILED

Ayes \_\_\_\_\_

WITHDRAWN

Noes \_\_\_\_\_

RULED OUT OF ORDER

## HOUSE MOTION \_\_\_\_\_

MR. SPEAKER:

I move that House Bill 1001 be amended to read as follows:

- 1 Page 1, between the enacting clause and line 1, begin a new
- 2 paragraph and insert:
- 3 "SECTION 1. IC 2-2.1-4 IS ADDED TO THE INDIANA CODE AS
- 4 A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
- 5 1, 2008]:
- 6 **Chapter 4. General Expenditure Controls**
- 7 **Sec. 1. This chapter applies after December 30, 2008.**
- 8 **Sec. 2. As used in this chapter, "budget period" means a**
- 9 **biennium beginning July 1 of an odd-numbered year.**
- 10 **Sec. 3. As used in this chapter, "controlled state fund" refers to**
- 11 **the following:**
- 12 **(1) The state general fund.**
- 13 **(2) The counter-cyclical revenue and economic stabilization**
- 14 **fund.**
- 15 **Sec. 4. (a) As used in this chapter, "expenditure" refers to an**
- 16 **expenditure from a controlled state fund in a state fiscal year.**
- 17 **(b) The term does not include the following:**
- 18 **(1) A payment of a tax refund or refundable tax credit related**
- 19 **to a state tax liability.**
- 20 **(2) A transfer between controlled state funds or accounts**
- 21 **within a controlled state fund.**
- 22 **(3) The costs of judgments and settlements.**
- 23 **(4) The costs of making motor vehicle excise tax replacement**
- 24 **payments.**

(5) A distribution or an allocation of state tax revenues to a unit of local government under IC 36-7-13, IC 36-7-26, IC 36-7-27, IC 36-7-31, or IC 36-7-31.3.

(6) A distribution of state tax revenues collected under IC 7.1 that is payable to a city or town.

(7) The costs of providing supplemental distributions under IC 4-33-13-5 to replace riverboat admissions taxes.

(8) A transfer from the state general fund to the build Indiana fund required under IC 4-33-13-5(d).

(9) A distribution of state tax revenues collected under any other statute that is:

(A) deposited in a controlled state fund; and

(B) payable to a unit of local government.

Sec. 5. As used in this chapter, "IPI growth quotient" refers to the Indiana personal income growth quotient determined under section 7 of this chapter.

Sec. 6. As used in this chapter, "state spending cap" for a state fiscal year refers to the limit on expenditures determined under section 8 of this chapter.

Sec. 7. (a) The IPI growth quotient for a specified state fiscal year is the amount determined under STEP FOUR of the following formula:

STEP ONE: For each of the six (6) calendar years immediately preceding the specified state fiscal year, divide:

(A) the Indiana personal income for the calendar year; by

(B) the Indiana personal income for the immediately preceding calendar year.

STEP TWO: Add the quotients determined under STEP ONE.

STEP THREE Divide:

(A) the STEP TWO result; by

(B) six (6).

STEP FOUR: Determine the lesser of the following:

(A) The STEP THREE result.

(B) One and three-hundredths (1.03).

(b) Not later than January 31 of each odd-numbered year, the budget agency shall determine the IPI growth quotient for the state fiscal year beginning July 1 of the odd-numbered year.

(c) The budget agency shall publish the IPI growth quotient determined under subsection (b) for a particular budget period in the Indiana Register not later than February 15 of each odd-numbered year. In addition, the budget agency shall publish historic IPI growth quotient data in the Indiana Register not later than July 1 of each odd-numbered year.

Sec. 8. (a) The maximum total expenditure allowed from controlled state funds for a budget period is the sum of the maximum total expenditures allowed from controlled state funds for each state fiscal year of the budget period.

1       (b) The maximum total expenditure allowed from controlled  
2 state funds for the state fiscal year beginning July 1, 2009, is the  
3 amount determined under STEP SIX of the following formula:

4       STEP ONE: Determine the actual total expenditure from  
5 controlled state funds for the state fiscal year beginning July  
6 1, 2007.

7       STEP TWO: Adjust the STEP ONE result to account for  
8 differences in spending responsibilities from controlled state  
9 funds between:

10       (A) the state fiscal year beginning July 1, 2007; and

11       (B) the state fiscal year beginning July 1, 2009;

12 in terms of actual expenditures for the state fiscal year  
13 beginning July 1, 2007.

14       STEP THREE: Determine the IPI growth quotient for the  
15 state fiscal year beginning July 1, 2008.

16       STEP FOUR: Multiply:

17       (A) the STEP TWO result; by

18       (B) the STEP THREE result.

19       STEP FIVE: Determine the IPI growth quotient for the state  
20 fiscal year beginning July 1, 2009.

21       STEP SIX: Multiply:

22       (A) the STEP FOUR result; by

23       (B) the STEP FIVE result.

24       (c) This subsection applies only to state fiscal years beginning in  
25 an odd-numbered year after June 30, 2011. The maximum total  
26 expenditure allowed from controlled state funds for the first state  
27 fiscal year of a budget period beginning on July 1 of an  
28 odd-numbered year is the amount determined under STEP  
29 THREE of the following formula:

30       STEP ONE: Determine the maximum total expenditure  
31 allowed from controlled state funds for the state fiscal year  
32 beginning July 1 of the immediately preceding  
33 even-numbered year, as calculated under subsection (d).

34       STEP TWO: Determine the IPI growth quotient for the first  
35 state fiscal year of the budget period.

36       STEP THREE: Multiply:

37       (A) the STEP ONE result; by

38       (B) the STEP TWO result.

39       (d) This subsection applies only to state fiscal years beginning  
40 in an even-numbered year after June 30, 2010. The maximum total  
41 expenditure allowed from controlled state funds for the second  
42 state fiscal year of a budget period beginning July 1 of an  
43 even-numbered year is the amount determined under STEP  
44 THREE of the following formula:

45       STEP ONE: Determine the maximum total expenditure  
46 allowed from controlled state funds for the first state fiscal  
47 year of the budget period, as calculated under subsection (b)

or (c).

**STEP TWO:** Determine an estimated IPI growth quotient for the second state fiscal year of the budget period, based on an estimate by the budget agency of Indiana personal income for the calendar year that includes July 1 of the first state fiscal year of the budget period.

**STEP THREE:** Multiply:

(A) the STEP ONE result; by

(B) the STEP TWO result.

(c) The budget agency shall publish:

(1) the maximum total expenditure amounts determined under subsections (a), (b), (c), and (d), as applicable; and

(2) the IPI growth quotients for each state fiscal year;

for the budget period beginning July 1 of an odd-numbered year in the Indiana Register not later than February 15 of the odd-numbered year. Except for revisions to correct calculation errors, the maximum total expenditure amounts published under this subsection remain in effect for the duration of the corresponding budget period.

**Sec. 9.** Except as provided in sections 10, 11, and 14 of this chapter, the state spending cap for a state fiscal year equals the amount of the maximum total expenditure determined under section 8(b), 8(c), or 8(d) of this chapter, as applicable. The general assembly shall not appropriate, and the budget director may not allot, a total sum of expenditures in a state fiscal year that exceeds the state spending cap.

**Sec. 10. (a)** An increase in the state spending cap, other than by an application of the IPI growth quotient, may occur only if at least one (1) of the following occurs:

(1) A spending responsibility has shifted from another level of government to a controlled state fund.

(2) A spending responsibility has shifted from a fund not limited by this chapter to a fund limited by this chapter.

(3) There has been:

(A) an expansion of:

(i) state services; and

(ii) state spending; and

(B) a tax increase enacted to finance the additional state services and spending.

(b) An increase in the state spending cap for spending described in subsection (a) requires the approval of a two-thirds (2/3) majority of the house of representatives and a two-thirds (2/3) majority of the senate.

**Sec. 11.** The general assembly, in a regular session, may authorize an emergency appropriation by enacting a supplemental appropriations act and a joint resolution that contains all the statements described in section 12 of this chapter. A supplemental

1 appropriations act must be approved by a two-thirds (2/3)  
 2 majority of the house of representatives and a two-thirds (2/3)  
 3 majority of the senate.

4 Sec. 12. A joint resolution described in section 11 of this chapter  
 5 must contain the following:

6 (1) A statement that all spending authorized in the act exceeds  
 7 the limit of the state spending cap.

8 (2) A description of the amount of emergency expenditures  
 9 and an explanation of the specific circumstances that created  
 10 the need for a supplemental appropriation.

11 Sec. 13. Except as allowed in an emergency appropriation under  
 12 section 11 of this chapter, all appropriations for expenditures for  
 13 a state fiscal year, including continuing appropriations, are void if  
 14 the total amount appropriated for expenditures exceeds the  
 15 amount allowed by the state spending cap for the state fiscal year  
 16 under this chapter. If the appropriations for a state fiscal year are  
 17 voided under this section, the general assembly in a regular or  
 18 special session may reappropriate an amount that does not exceed  
 19 the amount allowed by the state spending cap under this chapter.

20 Sec. 14. (a) Subject to subsection (c), reductions in the state  
 21 spending cap are mandatory in each year when spending  
 22 responsibility is:

23 (1) shifted from a controlled state fund or to another level of  
 24 government; or

25 (2) transferred from a controlled state fund to a fund that is  
 26 not limited by this chapter.

27 The state spending cap must be decreased by the amount of the  
 28 shift or transfer.

29 (b) The amount of the state spending cap reduction shall be  
 30 determined by the budget agency upon the recommendation of the  
 31 budget committee by a simple majority vote.

32 (c) If the budget agency determines that:

33 (1) the amount of a state spending cap reduction required  
 34 under subsection (a) is less than one-tenth of one percent  
 35 (0.1%); or

36 (2) there is a need to waive the mandatory downward  
 37 adjustment;

38 the state spending cap reduction must receive a unanimous  
 39 recommendation from the budget committee to take effect.

40 SECTION 2. IC 2-2.1-5 IS ADDED TO THE INDIANA CODE AS  
 41 A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY  
 42 1, 2008]:

#### 43 Chapter 5. Budget Bill Requirements

44 Sec. 1. This chapter applies after December 30, 2008.

45 Sec. 2. As used in this chapter, "controlled state fund" has the  
 46 meaning set forth in IC 2-2.1-4-3.

47 Sec. 3. As used in this chapter, "digest" refers to the description

of the contents of a bill or a conference committee report that is located on:

- (1) the cover page of a bill; or
- (2) the first page of a conference committee report.

Sec. 4. As used in this chapter, "expenditure" has the meaning set forth in IC 2-2.1-4-4.

Sec. 5. The digest of a budget bill or a conference committee report on a budget bill must contain the following information:

- (1) The total amount of appropriations from controlled state funds.
- (2) The total amount of appropriations for expenditures subject to IC 2-2.1-4 from controlled state funds.
- (3) The expenditure limit for controlled state funds established under IC 2-2.1-4."

Page 6, between lines 30 and 31, begin a new paragraph and insert:  
 "SECTION 8. IC 4-10-21-0.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: **Sec. 0.5. This chapter expires June 30, 2009.**

SECTION 9. IC 4-13-2-18 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 18. (a) For the purpose of the administration of the allotment system provided by this section, each fiscal year shall be divided into four (4) quarterly allotment periods, beginning respectively on the first day of July, October, January, and April. However, in any case where the quarterly allotment period is impracticable, the ~~state~~ budget director may prescribe a different period suited to the circumstances but not extending beyond the end of any fiscal year.

(b) Except as otherwise expressly provided in this section, the provisions of this chapter relating to the allotment system and to the encumbering of funds shall apply to appropriations and funds of all kinds, including standing or annual appropriations and dedicated funds, from which expenditures are to be made from time to time by or under the authority of any state agency. However, the provisions relating to the allotment system shall not apply to moneys made available for the purpose of conducting a post-audit of financial transactions of any state agency. Likewise, appropriations for construction or for the acquisition of real estate for public purposes may be exempted from the allotment system by the ~~state~~ budget director, but in such cases ~~he~~ **the budget director** shall prescribe such regulations as will insure the proper application and encumbering of funds.

(c) No appropriation to any state agency shall become available for expenditure until:

- (1) such state agency shall have submitted to the ~~state~~ budget agency a request for allotment, such request for allotment to consist of an estimate of the amount required for each activity and

each purpose for which money is to be expended during the applicable allotment period; and

(2) such estimate contained in the request for allotment shall have been approved, increased, or decreased by the ~~state~~ budget director and funds allotted therefor as hereinafter provided.

The form of a request for allotment, including a request by hand, mail, facsimile transmission, or other electronic transmission, shall be prescribed by the ~~state~~ budget agency with the approval of the auditor of state and shall be submitted to them at least twenty-five (25) days prior to the beginning of the allotment period.

(d) Each request for allotment shall be reviewed by the ~~state~~ budget agency, and respective amounts therein shall be allotted for expenditure if:

(1) the estimate therein is within the terms of the appropriation as to amount and purpose, having due regard for the probable future needs of the state agency for the remainder of the fiscal year or other term for which the appropriation was made; and

(2) the agency contemplates expenditure of the allotment during the period.

Otherwise, the ~~state~~ budget agency shall modify the estimate so as to conform with the terms of the appropriation and the prospective needs of the state agency and shall reduce the amount to be allotted accordingly. The ~~state~~ budget agency shall act promptly upon all requests for allotment and shall notify every state agency of its allotments at least five (5) days before the beginning of each allotment period. The total amount allotted to any agency for the fiscal year or other term for which the appropriation was made shall not exceed the amount appropriated for such year or term.

(e) The ~~state~~ budget director shall also have authority at any time to modify or amend any allotment previously made by ~~him~~: **the budget director.**

(f) In case the ~~state~~ budget director shall discover at any time that:

(1) the probable receipts from taxes or other sources for any fund will be less than were anticipated; and

(2) as a consequence the amount available for the remainder of the term of the appropriation or for any allotment period will be less than the amount estimated or allotted therefor;

~~he~~ **the budget director** shall, with the approval of the governor, and after notice to the state agency or agencies concerned, reduce the amount or amounts allotted or to be allotted so as to prevent a deficit.

**(g) This subsection applies to state fiscal years beginning after June 30, 2009. The definitions in IC 2-2.1-4 apply throughout this subsection. Allotments for a state fiscal year that exceed the state spending cap are void. The budget agency shall allot money for an appropriation, including an appropriation that is not made in a specific amount, to provide that the total allotment for**

1 expenditures from controlled state funds in a state fiscal year does  
 2 not exceed the state spending cap. If the budget director discovers  
 3 that the projected expenditures for the remainder of a state fiscal  
 4 year will probably exceed the state spending cap, the budget  
 5 director shall, with the approval of the governor and after notice  
 6 to the state agency or agencies concerned, reduce the amount or  
 7 amounts allotted or to be allotted to prevent a total allotment that  
 8 exceeds the state spending cap.

9 ~~(g)~~ (h) The ~~state~~ budget agency shall promptly transmit records of  
 10 all allotments and modifications thereof to the auditor of state.

11 ~~(h)~~ (i) The auditor of state shall maintain as a part of the central  
 12 accounting system for the state, as hereinbefore provided, records  
 13 showing at all times, by funds, accounts, and other pertinent  
 14 classifications, the amounts appropriated, the estimated revenues, the  
 15 actual revenues or receipts, the amounts allotted and available for  
 16 expenditure, the total expenditures, the unliquidated obligations, actual  
 17 balances on hand, and the unencumbered balances of the allotments for  
 18 each state agency.

19 ~~(i)~~ (j) No payment shall be made from any fund, allotment, or  
 20 appropriation unless the auditor of state shall first certify that there is  
 21 a sufficient unencumbered balance in such fund, allotment, or  
 22 appropriation after taking into consideration all previous expenditures  
 23 to meet the same. In the case of an obligation to be paid from federal  
 24 funds, a notice of a federal grant award shall be considered an  
 25 appropriation against which obligations may be incurred, funds may be  
 26 allotted, and encumbrances may be made.

27 ~~(j)~~ (k) Every expenditure or obligation authorized or incurred in  
 28 violation of the provisions of this chapter shall be void. Every payment  
 29 made in violation of the provisions of this chapter shall be illegal, and  
 30 every official authorizing or making such payment, or taking part  
 31 therein, and every person receiving such payment, or any part thereof,  
 32 shall be jointly and severally liable to the state for the full amount so  
 33 paid or received. If any appointive officer or employee of the state shall  
 34 knowingly incur any obligation or shall authorize or make any  
 35 expenditure in violation of the provisions of this chapter, or take any  
 36 part therein, it shall be ground for ~~his~~ **the officer's or employee's**  
 37 removal by the officer appointing ~~him~~, **the officer or employee**, and  
 38 if the appointing officer be other than the governor and shall fail to  
 39 remove such officer or employee, the governor may exercise such  
 40 power of removal after giving notice of the charges and opportunity for  
 41 hearing thereon to the accused officer or employee and to the officer  
 42 appointing ~~him~~. **the officer or employee."**

43 Page 99, line 41, after "a" insert "**two-thirds (2/3)**".

44 Page 100, line 2, after "a" insert "**two-thirds (2/3)**".

45 Page 117, line 34, after "a" insert "**two-thirds (2/3)**".

46 Page 117, line 39, after "a" insert "**two-thirds (2/3)**".



- 1 Page 210, line 25, after "a" insert "**two-thirds (2/3)**".  
2 Page 210, line 29, after "a" insert "**two-thirds (2/3)**".  
3 Page 244, between lines 26 and 27, begin a new paragraph and  
4 insert:  
5 "SECTION 244. [EFFECTIVE JULY 1, 2008] (a) **IC 2-2.1-4, as**  
6 **added by this act, applies only to appropriations and allotments for**  
7 **state fiscal years that begin after June 30, 2009.**  
8 (b) **IC 2-2.1-5, as added by this act, applies to a regular session**  
9 **of the general assembly that begins after June 30, 2008."**  
10 Renumber all SECTIONS consecutively.  
11 (Reference is to HB 1001 as printed January 17, 2008.)

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Representative Dermody